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 29
 30 NORTHERN DISTRICT OF CALIFORNIA
 31
 32 SAN FRANCISCO DIVISION

33 INFINEON TECHNOLOGIES AG, a
 34 German corporation,

35 Case No. CV-11-06239 (MMC) (DMR)

36 Plaintiff,
 37 vs.

38
**PLAINTIFF INFINEON'S SECOND MOTION
 39 TO DISMISS VOLTERRA'S
 40 COUNTERCLAIMS AND STRIKE
 41 VOLTERRA'S AFFIRMATIVE DEFENSES**

42 VOLTERRA SEMICONDUCTOR
 43 CORPORATION, a Delaware corporation,

44 Date: April 19, 2013

45 Defendant.

46 Time: 9:00 a.m.

47 Dept.: Courtroom 7, 19th Floor

48 Judge: Honorable Maxine M. Chesney

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NOTICE OF MOTION

NOTICE IS HEREBY GIVEN that, on April 19, 2013, at 9 a.m., or as soon thereafter as counsel may be heard, at the United States District Court for the Northern District of California, 450 Golden Gate Avenue, Courtroom 7, 19th Floor, San Francisco, California, Plaintiff Infineon Technologies AG (“Infineon”) will move the Honorable Maxine M. Chesney to dismiss the counterclaims and strike the affirmative defenses contained in Defendant Volterra Semiconductor Corporation’s (“Volterra”) Amended Answer to Infineon Technologies AG’s Second Amended Complaint, and Counterclaims (ECF No. 203) (the “Motion”).

REQUESTED RELIEF

The Motion seeks an order dismissing the counterclaims and striking the affirmative defenses in Volterra's Answer.

MEMORANDUM OF POINTS AND AUTHORITIES

INTRODUCTION

Infineon filed its original complaint in this action nearly three years ago, on January 21, 2010. (Dkt. No. 1.) After filing no less than four different motions to dismiss in this case, three of them based on the sufficiency of the pleadings, (Dkt. Nos. 11, 19, 90, 136,) Volterra ultimately filed its answer, which consisted almost entirely of boilerplate recitations and bare legal conclusions. (Answer, Dkt. No. 163, at 34-40.) In contrast to the many specific factual allegations in Infineon’s complaint—allegations which Volterra challenged as insufficient—Volterra’s counterclaims and affirmative defenses contained almost no factual allegations at all. This Court agreed, and granted Infineon’s motion to dismiss the counterclaims and strike the affirmative defenses in its entirety with leave to replead. Dkt. No. 198.

Despite being given a second chance, most of Volterra’s claims and defenses in its Amended Answer still fail to plead facts plausibly showing an entitlement to relief. (FAA, Dkt. No. 203, at 35-43.) Most of Volterra’s amendments amount to changes in form rather than substance. For example, Volterra’s invalidity counterclaims and affirmative defense, rather than merely reciting statutory subsections, now describe the content of those subsections as well. Crucially, however, those invalidity claims and defenses still fail to include *any* factual

1 allegations making them plausible. Such conclusory allegations do not comply with Volterra's
 2 obligations under the Federal Rules and ignore the substance of this Court's prior order.
 3 Accordingly, the Court should once again dismiss Volterra's counterclaims and strike Volterra's
 4 affirmative defenses in the manner set forth below.

5 **STATEMENT OF ISSUES TO BE DECIDED**

6 A. Whether Volterra's counterclaims of invalidity and indirect noninfringement
 7 should be dismissed for failure to state a claim upon which relief may be granted.

8 B. Whether Volterra's First, Second, Fourth, and Fifth Affirmative Defenses should
 9 be stricken for failure to meet the pleading requirements of Federal Rule of Civil Procedure
 10 8(a)(2).

11 **STATEMENT OF LAW**

12 Under Rule 12(b)(6), a court may dismiss "a claim for relief in any pleading" for "failure
 13 to state a claim upon which relief can be granted." "A motion to dismiss a counterclaim brought
 14 pursuant to FRCP 12(b)(6) is evaluated under the same standard as a motion to dismiss a
 15 plaintiff's complaint." *Pagemelding, Inc. v. ESPN, Inc.*, No. 11-CV-6263, 2012 WL 3877686, at
 16 *1 (N.D. Cal. Sept. 6, 2012). A pleading – including a counterclaim – must contain "a short and
 17 plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2).
 18 Counterclaims must be pled with sufficient specificity to provide "fair notice of what the claim is
 19 and the grounds upon which it rests." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007)
 20 (alterations omitted). To survive a motion to dismiss, a pleading "must contain sufficient factual
 21 matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*,
 22 556 U.S. 662, 678 (2009) (quoting *Twombly*, 550 U.S. at 570). Thus, the pleading must set forth
 23 "direct or inferential allegations respecting all the material elements necessary to sustain recovery
 24 under some viable legal theory." *Twombly*, 550 U.S. at 562. Although a court deciding a motion
 25 to dismiss must assume the truth of all facts alleged, the court is "not bound to accept as true a
 26 legal conclusion couched as a factual allegation." *Twombly*, 550 U.S. at 555. To meet a
 27 claimant's obligation under Rule 8(a)(2), mere "'labels and conclusions' or 'a formulaic recitation
 28 of the elements of a cause of action will not do.'" *Iqbal*, 556 U.S. at 678. (quoting *Twombly*, 550

1 U.S. at 555). “[N]aked assertions devoid of further factual enhancement” are likewise
 2 insufficient. *Id.* (internal quotation marks and alterations omitted).

3 “Affirmative defenses are governed by the same pleading standards as claims.”
 4 *Pagemelding*, 2012 WL 3877686, at *3. The Ninth Circuit has long held that the “key to
 5 determining the sufficiency of pleading an affirmative defense is whether it gives plaintiff fair
 6 notice of the defense.” *Wyshak v. City Nat'l Bank*, 607 F.2d 824, 827 (9th Cir. 1979). In doing
 7 so, the Ninth Circuit pointed to *Conley v. Gibson*, 355 U.S. 41 (1957), which at the time governed
 8 the sufficiency of pleading for claims. In *Twombly*, the Supreme Court retired the *Conley*
 9 standard and clarified that the pleading standard under Rule 8 includes a plausibility requirement.
 10 See *Twombly*, 550 U.S. at 562-63. As this Court correctly concluded, affirmative defenses must
 11 be evaluated under the standards announced in *Twombly* and *Iqbal*. Dkt. No. 198 at 3 n.4; see
 12 also, e.g., *Powertech Tech., Inc. v. Tessera, Inc.*, No. 10-CV-945, 2012 WL 1746848, at *4 (N.D.
 13 Cal. May 16, 2012) (“Within the Northern District of California, it appears that the judges who
 14 have decided the issue thus far have uniformly found that the *Twombly* and *Iqbal* standard does
 15 apply to affirmative defenses.”).

16 At a minimum, therefore, the pleading must set out the elements of each affirmative
 17 defense and some factual allegations that plausibly demonstrate that each element is satisfied.
 18 See, e.g., *Qarbon.com Inc. v. eHelp Corp.*, 315 F. Supp. 2d 1046, 1049-50 (N.D. Cal. 2004)
 19 (“Because eHelp simply refers to the doctrines without setting forth the elements of its
 20 affirmative defenses, eHelp does not provide ‘fair notice’ of its defenses.”); *Diamond State Ins.*
 21 *Co. v. Marin Mountain Bikes, Inc.*, No. 11-CV-5193, 2012 WL 6680259, at *17 (N.D. Cal. Dec.
 22 21, 2012) (“[F]air notice requires sufficient factual matter, accepted as true, beyond simply
 23 conclusory statements, to state the elements of a defense.” (internal quotation marks omitted));
 24 see also *Twombly*, 550 U.S. at 562 (holding that the complaint must set forth “direct or inferential
 25 allegations respecting all the material elements necessary to sustain recovery under some viable
 26 legal theory”). Applying the *Iqbal* standard to weed out conclusory defenses “serves a valid
 27 purpose in requiring at least some valid factual basis for pleading an affirmative defense and not
 28

1 adding it to the case simply upon some conjecture that it may somehow apply.” *Barnes v. AT&T*
 2 *Pension Benefit Plan-Nonbargained Program*, 718 F. Supp. 2d 1167, 1172 (N.D. Cal 2010).

3 An affirmative defense that fails to meet this standard may be stricken under Rule 12(f).
 4 *See Fed. R. Civ. P. 12(f)* (“The court may strike from a pleading an insufficient defense or any
 5 redundant, immaterial, impertinent, or scandalous matter.”) “Where an affirmative defense
 6 simply states a legal conclusion or theory without the support of facts explaining how it connects
 7 to the instant case, it is insufficient and will not withstand a motion to strike.” *Davison Design &*
 8 *Development Inc. v. Riley*, No. 11-CV-2970, 2012 WL 4051189, at *1 (N.D. Cal. Sept. 13, 2012).
 9 Striking insufficient defenses allows the parties “to avoid the expenditure of time and money that
 10 must arise from litigating spurious issues.” *See Fantasy, Inc. v. Fogerty*, 984 F.2d 1524, 1527
 11 (9th Cir. 1993), *rev’d on other grounds*, 510 U.S. 517 (1994).

12 **ARGUMENT**

13 **I. Volterra’s Claims and Defenses of Invalidity Remain Entirely Conclusory and**
 14 **Should Be Dismissed and Stricken.**

15 **A. Volterra Made No Meaningful Changes to Its Invalidity Counterclaims,**
 16 **Which Still Provide Absolutely No Information About Their Factual Bases.**

17 In its original Answer, Volterra asserted a counterclaim requesting a declaratory judgment
 18 of invalidity as to each of the four patents-in-suit: “Volterra requests a declaration from the Court
 19 that each claim of the ‘730 patent is invalid for failure to comply with one or more of the
 20 requirements and conditions for patentability set forth in the patent laws, 35 U.S.C. §§ 100 *et*
 21 *seq.*, including, but not limited to, 35 U.S.C. §§ 101, 102, 103, and 112.” (Ans. ¶ 133.) Volterra
 22 made an identical and equally conclusory allegation regarding each of the other three asserted
 23 patents. (*Id.* ¶¶ 140, 147, 154.) This Court correctly dismissed these counterclaims for failure to
 24 plead facts that would make them plausible. Dkt. No. 198 at 1. Indeed, Volterra pled no facts
 25 whatsoever.

26 In that regard, nothing has changed in Volterra’s Amended Answer. Rather than
 27 amending to add *facts* as the Court’s order required, Volterra merely added a general description
 28 of the relevant *statutes* cited in the original Answer:

1 Volterra requests a declaration from the Court that each claim of the
 2 '730 patent Infineon is asserting in this action is invalid for failure
 3 to comply with one or more of the requirements and conditions for
 4 patentability set forth in the patent laws, 35 U.S.C. §§ 100 *et seq.*,
 5 including, but not limited to, 35 U.S.C. §§ 101, 102, 103, and 112
 6 *because, for example, they (i) lack patentable subject matter*
(Section 101), (ii) are not new or novel in light of the prior art
(section 102(a), (b), (e)), (iii) are obvious in light of the prior art
(Section 103), and/or (iv) are indefinite, fail to provide an
adequate written description or fail to enable on of skill in the rat
to make and use the alleged inventions described and claimed in
the '730 patent (Section 112).

7 (FAA ¶ 133 (emphasis added).) Tellingly, Volterra still offers an identical “explanation” of the
 8 invalidity of each of the four asserted patents, despite the differences in the inventions covered by
 9 each one. (FAA ¶¶ 133, 140, 147, 154.)

10 Beyond the mere legal conclusion that each patent is invalid, Volterra still offers no real
 11 explanation of the basis of its counterclaim. Even what little information is provided—Volterra’s
 12 half-hearted attempt to specify the legal basis of its conclusory claims—is no more than
 13 boilerplate. Volterra first points vaguely to the entirety of federal patent law, then gives a handful
 14 of non-exhaustive examples of potentially applicable statutory provisions. The addition of an
 15 explanation of the general nature of each of those statutory provisions does not satisfy Volterra’s
 16 pleading obligations. “A reference to a doctrine, like a reference to statutory provisions, is
 17 insufficient notice.” *Qarbon.com*, 315 F. Supp. 2d at 1049. While Volterra uses more words
 18 than before, its Amended Answer is still “simply pleading the statute to allege patent invalidity,”
 19 an approach that has been held “‘radically insufficient.’” to provide fair notice. *PB Farradyne,*
 20 *Inc. v. Peterson*, No. 05-CV-3447, 2006 WL 132182, at *3 (N.D. Cal. Jan. 17, 2006) (quoting
 21 *Qarbon.com*, 315 F. Supp. 2d at 1050-51).

22 As a result, even if Infineon were somehow able to guess which “one or more” of these
 23 provisions Volterra believes invalidate each of the four asserted patents, Infineon could still only
 24 speculate as to the basis for Volterra’s invalidity claims. Infineon was already well aware of the
 25 contents of 35 U.S.C. §§ 101, 102, 103, and 112. What Infineon did not know—and still does not
 26 know—is what plausible factual basis Volterra has for asserting a claim of invalidity under any of
 27 these provisions. Despite the Court’s order, Volterra still provides no facts that would plausibly
 28 support its claims. At best, the added material recites only “legal conclusions couched as factual

1 allegations,” *see Twombly*, 550 U.S. at 555, which cannot sustain Volterra’s claims, *see Iconfind, Inc. v. Google, Inc.*, No. 11-CV-319, 2011 WL 4505779, at *1 (E.D. Cal. Aug. 2, 2011) (rejecting similar pleading of the contents of the statute as being “comprised solely of legal conclusions and/or conclusory factual allegations”).

5 For example, Volterra asserts that the asserted claims lack patentable subject matter,
 6 which amounts to a bare legal conclusion that the claims are invalid under 35 U.S.C. § 101. *See*
 7 *id.* (“This conclusory allegation is insufficient under the pleading standard since it does not
 8 contain factual allegations sufficient to support drawing a reasonable inference that [the] patent
 9 does not contain patentable ideas.”); *Proctor & Gamble Co. v. Team Techs., Inc.*, No. 12-CV-552,
 10 2012 WL 6001753, at *2 (S.D. Ohio Nov. 30, 2012) (finding that “bare allegation that the subject
 11 matter of the patents-in-suit is non-statutory” provides “no notice whatsoever of the factual basis
 12 for Team Tech’s allegation that the patents-in-suit do not concern patent-eligible subject matter”).
 13 Indeed, Volterra does not identify even one example of allegedly unpatentable subject matter in
 14 any of the asserted claims.¹ Similarly, Volterra asserts that the asserted claims are not new or
 15 novel in light of the prior art, which amounts to an unsupported legal conclusion that the claims
 16 are invalid under 35 U.S.C. § 102. *See Iconfind*, 2011 WL 4505779, at *1. But Volterra does not
 17 identify even one example of the prior art that it alleges anticipate the asserted claims. Volterra’s
 18 allegations regarding Sections 103 and 112 likewise allege only the content of a statutory
 19 subsection and make a conclusory assertion of invalidity under that subsection, but nowhere
 20 allege any facts to allow that inference to be plausibly drawn. *See id.*

21 In short, Volterra’s bald assertion of invalidity “does not articulate the claimed invalidity,
 22 identify which, if any, of the statutory provisions apply, or provide any factual support to make
 23 the counterclaims plausible.” *See Cleversafe, Inc. v. Amplidata, Inc.*, No. 11-CV-4890, 2011 WL
 24 6379300, at *1 (N.D. Ill. Dec. 20, 2011). When faced with invalidity counterclaims that plead
 25 statutes rather than facts, as Volterra’s do, numerous courts have granted motions to dismiss. *See*,

26
 27 ¹ Infineon questions whether Volterra has any good faith basis for asserting invalidity under 35
 28 U.S.C. § 101, given that patent-eligible subject matter includes “anything under the sun that is
 made by man.” *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980).

1 *e.g., Pagemelding*, 2012 WL 3877686, at *3 (dismissing counterclaim alleging that “[o]ne or
 2 more claims of the [asserted] patent are invalid for failing to comply with one or more of the
 3 requirements of the Patent Laws of the United States, 35 U.S.C. §§ 100 *et seq.*, including, but not
 4 limited to, §§ 101, 102, 103, and/or 112”); *Iconfind*, 2011 WL 4505779, at *1 (dismissing
 5 counterclaim alleging that claims “are invalid under 35 U.S.C. § 101 because they fail to claim
 6 patentable subject matter insofar as each seeks to claim an abstract idea; [and] because they fail to
 7 meet the ‘conditions for patentability’ of 35 U.S.C. §§ 102, 103, and/or 112 because the claims
 8 lack utility, are taught by, suggested by, and/or obvious in view of, the prior art; and/or are not
 9 adequately supported by the written description of the patented invention”); *Qarbon.com*, 315
 10 F.Supp.2d at 1050-51 (dismissing invalidity counterclaim that merely “[pled] the citation” by
 11 alleging that the patent-in-suit was “invalid and void under the provisions of Title 35, United
 12 States Code §§ 100 *et seq.*, and specifically, §§ 101, 102, 103, and/or 112 . . .”, and finding that it
 13 was “radically insufficient” because it failed to give “fair notice” to the plaintiff); *Sorensen v.
 14 Spectrum Brands, Inc.*, No. 09-CV-58, 2009 WL 5199461, at *1 (S.D. Cal. Dec. 23, 2009) (“This
 15 threadbare statement is precisely the type of allegation that is insufficient to state a claim under
 16 the *Iqbal* standard.”); *Groupon Inc. v. MobGob LLC*, No. 10-CV-7456, 2011 WL 2111986, at *4-
 17 5 (N.D. Ill. May 25, 2011) (dismissing invalidity counterclaim where, “rather than providing
 18 Groupon with notice of the basis for its claims, [the accused infringer] simply cites a whole series
 19 of statutory provisions that address a number of topics”).

20 Despite the requirement that it have a reasonable basis to assert these counterclaims,
 21 Volterra once again failed to plead even the most basic information about its invalidity theories.
 22 Volterra’s invalidity counterclaims, which offer no more than threadbare legal conclusions, fail as
 23 a matter of law and should once again be dismissed. *See Iqbal*, 556 U.S. at 678 (“Threadbare
 24 recitals of the elements of a cause of action, supported by mere conclusory statements, do not
 25 suffice.”) This time, however, the dismissal should be with prejudice.

26 The court has broad discretion to deny leave to amend “due to undue delay, bad faith or
 27 dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments
 28 previously allowed, undue prejudice to the opposing party by virtue of allowance of the

1 amendment, and futility of the amendment.” *Zucco Partners, LLC v. Digimarc Corp.*, 552 F.3d
 2 981, 1007 (9th Cir. 2009) (internal quotation marks and alterations omitted). That discretion is
 3 “particularly broad” where a party “has previously been granted leave to amend and has
 4 subsequently failed to add the requisite particularity to its claims.” *Id.* In this case, Volterra has
 5 made no serious effort to correct the lack of factual allegations that the Court already found fatal
 6 to its invalidity counterclaims. The allegations Volterra added that parrot the statutory language
 7 do not even arguably constitute factual allegations under *Iqbal* and *Twombly*. The fact that
 8 Volterra failed to add any real factual matter in its amendment is a “strong indication that [it has]
 9 no additional facts to plead,” meaning that further leave to amend would be futile. *Id.* If, on the
 10 other hand, Volterra does have additional facts it could have pled, its paltry amendment would
 11 likewise justify denying leave to amend on the basis of apparent “bad faith” or “dilatory motive.”
 12 Having made no meaningful amendment when given the chance, Volterra should not be given
 13 another opportunity. *See Diamond State Ins. Co.*, 2012 WL 6680259, at *12 (“Because the Court
 14 has previously granted leave to amend this counterclaim, this dismissal is without leave to
 15 amend.”). Accordingly, Volterra’s invalidity counterclaims should be dismissed with prejudice.

16 **B. Volterra’s Second Affirmative Defense Mirrors Its Threadbare Counterclaim
 17 and Does Not Provide Fair Notice.**

18 Volterra’s invalidity affirmative defense (Second Affirmative Defense) contains no more
 19 specific information than the conclusory invalidity counterclaim discussed above. The defense
 20 merely asserts that “[o]ne or more claims” of the asserted patents are invalid or unenforceable
 21 because they fail to comply with “one or more of the requirements of 35 U.S.C. §§ 101, 102, 103
 22 and/or 112.” (FAA 36.) The only further explanation given amounts to legal conclusions that
 23 parrot the relevant statutory subsections, as discussed above. In essence, this defense is nothing
 24 more than a naked assertion of a series of legal conclusions. *See Iqbal*, 556 U.S. at 678. A bare
 25 reference to a handful of statutory provisions and their contents does not give meaningful notice
 26 of the legal or factual basis of Volterra’s allegations of invalidity. *See Iconfind*, 2011 WL
 27 4505779, at *1 (striking invalidity affirmative defense “comprised solely of legal conclusions
 28 and/or conclusory factual allegations” that merely referenced the doctrines underlying various

1 listed statutory subsections); *Groupon*, 2011 WL 2111986, at *4 (striking invalidity affirmative
 2 defense that “simply cites a whole series of statutory provisions”). Volterra’s Second Affirmative
 3 Defense should therefore be stricken. Given Volterra’s stubborn refusal to plead any facts in
 4 support of its invalidity defense despite this Court’s prior order, the defense should be stricken
 5 without leave to amend. *See Ansari v. Electronic Document Processing, Inc.*, No. 12-CV-1245,
 6 2013 WL 664676, at *5 (N.D. Cal. Feb. 22, 2013) (denying leave to amend stricken affirmative
 7 defenses where leave to amend was previously granted but amendments failed to cure the
 8 previously identified deficiencies).

9 **II. Volterra’s Claims and Defenses of Indirect Noninfringement Lack Any Supporting
 10 Factual Allegations and Should Be Dismissed and Stricken.**

11 **A. Volterra’s Noninfringement Counterclaims Are Devoid of Any Real Factual
 Content.**

12 For each patent, Volterra “requests a declaration from the Court that it has not infringed,
 13 and is not infringing, any valid claim of the [particular] patent, directly or indirectly, and either
 14 literally or by application of the doctrine of equivalents.” (FAA ¶¶ 132, 139, 146, 153.) This
 15 Court previously dismissed Volterra’s direct and indirect noninfringement counterclaims. Dkt.
 16 No. 198, at 2. The Court found that while Volterra’s direct noninfringement claims were
 17 governed by Form 18, its indirect noninfringement claims were subject to the plausibility
 18 standard of *Iqbal* and *Twombly*. *Id.* Those were dismissed because Volterra failed to plead
 19 sufficient facts to support its indirect noninfringement counterclaims. Yet Volterra’s amendment
 20 does not cure this deficiency in its claims of indirect noninfringement.

21 Indirect infringement comes in two forms: inducement and contributory infringement. A
 22 party is liable for inducement under 35 U.S.C. § 271(b) if it “knowingly induced infringement and
 23 possessed specific intent to encourage another’s infringement.” *ACCO Brands Inc. v. ABA Locks
 Mfg. Co.*, 501 F.3d 1307, 1312 (Fed. Cir. 2007). Under 35 U.S.C. § 271(c), an “act of
 24 contributory infringement may include either the sale of a ‘component of a patented machine,
 25 manufacture, combination, or composition’ . . . or the sale of a ‘material or apparatus for use in
 26 practicing a patented process.’” *Arris Group, Inc. v. British Telecommunications PLC*, 639 F.3d
 27 1368, 1376 (Fed. Cir. 2011) (quoting § 271(c)). In addition, the product sold by the alleged
 28

1 infringer must be “material to practicing the invention, [have] no substantial non-infringing uses,
 2 and [be] known by the party to be especially made or especially adapted for use in an
 3 infringement of such patent.” *In re Bill of Lading Transmission & Processing Sys. Litig.*, 681
 4 F.3d 1323, 1337 (Fed. Cir. 2012) (internal quotation marks omitted).

5 Volterra does not address the elements of inducement or the elements of contributory
 6 infringement in its counterclaims. Instead, Volterra now merely explains that it does not directly
 7 or indirectly infringe “because no [accused] Volterra product meets each and every limitation of
 8 any asserted claim of the [particular] patent either literally or by application of the doctrine of
 9 equivalents.” (FAA ¶¶ 130, 137, 144, 151.) Simply reciting a boilerplate legal test for
 10 noninfringement is insufficient. *See Iqbal*, 556 U.S. at 678 (“Threadbare recital of the elements
 11 of a cause of action, supported by mere conclusory statements, do not suffice.”) Volterra does not
 12 offer any factual allegations to back up this bare assertion of a legal conclusion, however, which
 13 is repeated for each of the four asserted patents.² This amounts to nothing more than a “naked
 14 assertion[] devoid of further factual enhancement,” which cannot sustain Volterra’s claims. *Id.*
 15 (internal quotation marks and alterations omitted). No information is provided that would
 16 plausibly suggest that the accused products do not in fact meet all of the limitations of the
 17 asserted claims. In fact, Volterra does not even identify a single limitation in a single asserted
 18 claim that it asserts its products do not meet, much less facts that would make such an assertion
 19 plausible.

20 Nor has Volterra “alleged any facts, that if true, would lead to a reasonable inference that
 21 it did not intend another party to infringe” the asserted patents, supporting its claim that it does
 22 not induce infringement. *Pagemelding*, 2012 WL 3877686, at *3 (dismissing indirect
 23 noninfringement counterclaim lacking plausible factual allegations). Likewise, no facts are pled
 24 plausibly suggesting that Volterra’s accused products are not a “material or apparatus for use in

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² In its counterclaim for the ‘730 Patent, Volterra additionally alleges that Infineon has been
 26 unable to provide satisfactory infringement contentions. The parties’ discovery dispute regarding
 27 the sufficiency of Infineon’s disclosures cannot substitute for factual allegations regarding
 28 Volterra’s products and customer interactions that would make its indirect noninfringement
 29 counterclaims plausible. Moreover, this additional “factual allegation” is made as to only to one
 30 of the four asserted patents.

1 practicing a patented process,” *Arris Group*, 639 F.3d at 1376, supporting its claim that it does
2 not contributorily infringe the asserted patents. As such, Volterra’s indirect noninfringement
3 counterclaims amount to nothing more than “labels and conclusions,” and should be dismissed.
4 *See Iqbal*, 556 U.S. at 678. Because Volterra was given an opportunity to add factual allegations
5 supporting its indirect infringement counterclaims but failed to add anything more than
6 conclusory statements, these counterclaims should be dismissed with prejudice. *See Diamond*
7 *State Ins. Co.*, 2012 WL 6680259, at *12 (“Because the Court has previously granted leave to
8 amend this counterclaim, this dismissal is without leave to amend.”)

B. Volterra's Conclusorily Pled First Affirmative Defense Suffers from the Same Flaw.

Volterra’s noninfringement affirmative defense (First Affirmative Defense) contains no more specific information than the conclusory counterclaims discussed above. That defense asserts without elaboration that “Volterra’s making, use or sale of its products” does not indirectly infringe any claim of any of the asserted patents, either directly or indirectly “because they do not meet each and every limitation of any valid claim of any of the patents-in-suit either literally or under the doctrine of equivalents.” Like Volterra’s deficient noninfringement counterclaims, this defense is nothing more a legal conclusion masquerading as a factual allegation, which does not provide “fair notice” as interpreted by *Iqbal* and *Twombly*. See *Pagemelding*, 2012 WL 3877686, at *3 (“Notice requires more than legal conclusions; factual allegations must establish a right to relief that is ‘beyond the speculative level.’” (quoting *Twombly*, 550 U.S. at 555)). Thus, Volterra’s First Affirmative Defense should be stricken to the extent it asserts a defense of indirect noninfringement. Having failed to correct this previously identified deficiency, Volterra should not be granted leave to amend. See *Ansari*, 2013 WL 664676, at *5 (denying leave to amend stricken affirmative defenses where leave to amend was previously granted).

III. Volterra's Equitable "Catch-all" Affirmative Defense Is Improper and Inadequately Pled.

A. Volterra's Fifth Affirmative Defense Improperly Lumps Together Numerous Separate Defenses in an Effort To Mask Its Failure to Plead Supporting Factual Allegations for Each One.

4 In Volterra’s original Answer, Volterra’s Sixth, Seventh, Eighth, and Ninth Affirmative
5 Defenses recited that “Plaintiff’s claims are barred in whole or in part by the doctrine of” and then
6 listed the name of a doctrine—laches, unclean hands, waiver, and equitable estoppel, respectively.
7 (Ans. 35.) In each case, Volterra did not plead any facts to make the assertion plausible. Volterra
8 did not mention the elements of these defenses, much less plead facts that would address those
9 elements. As a result, the Court struck these defenses for failure to provide “fair notice of the
10 bases of the defenses asserted.” Dkt. No. 198 at 3 (internal quotation marks omitted).

Rather than amend each of these separate defenses to address their elements with plausible factual allegations, Volterra now rolls all of these separate doctrines into the Fifth Affirmative Defense—a single “catch-all” defense, which it labels “Equitable Defenses.” (FAA 37.) The defense states that “Plaintiff’s claims are barred in whole or in part by one or more of the doctrines of equitable estoppel, laches, unclean hands, waiver and/or other applicable equitable defenses.” (*Id.*) As an initial matter, this defense fails to provide fair notice because it is impossible to tell precisely what defenses are being asserted. Volterra merely states that it is asserting “one or more” of the listed doctrines. Worse still, one of those doctrines is “other applicable equitable defenses,” which appears to be an improper attempt to reserve the right to assert some as-yet-unnamed equitable defense in the future without seeking leave to amend. *See J&J Sports Prods., Inc. v. Mendoza-Govan*, No. 10-CV-5123, 2011 WL 1544886, at *7 (N.D. Cal. Apr. 25, 2011) (“An attempt to reserve affirmative defenses for a future date is not a proper affirmative defense in itself.”).

24 Furthermore, Volterra's lumping together of these separate defenses violates the rule that
25 each defense should be stated separately. *See Fed. R. Civ. P. 10(b)* ("If doing so would promote
26 clarity, each claim founded on a separate transaction or occurrence—and ***each defense other than***
27 ***a denial—must be stated in a separate count or defense.***" (emphasis added)); *see also Lynch v.*
28 *Cont'l Group, Inc.*, No. 12-CV-21648, 2013 WL 166226, at *4 (S.D. Fla. Jan. 15, 2013) (finding

1 that laches, waiver, estoppel, and unclean hands should each be “pled as a separate defense,”
 2 rather than “rolled into . . . one defense”). As a result, it is difficult to tell which factual
 3 allegations support which affirmative defenses, the elements of which are not addressed. “[F]air
 4 notice requires more than simply pointing to the general subject matter of the defense. Instead,
 5 fair notice requires sufficient factual matter, accepted as true, beyond simply conclusory
 6 statements, to state the elements of a defense.” *Diamond State Ins. Co.*, 2012 WL 6680259, at
 7 *17.

8 Volterra also improperly lumps together the asserted patents, such that Infineon cannot tell
 9 which defenses apply to which patents or the factual underpinnings as to each separate patent.
 10 Volterra’s grouping of these defenses appears calculated to obscure the lack of sufficient
 11 allegations to support each separate defense as to each separate patent. For these reasons alone,
 12 Volterra’s Fifth Affirmative Defense fails to provide fair notice of its bases and should be
 13 stricken.

14 **B. The Scant Factual Allegations Do Not Address the Elements of the Listed
 15 Defenses and Fail to Provide Fair Notice.**

16 At a minimum, a pleading must set out the elements of each affirmative defense and some
 17 factual allegations that plausibly demonstrate that each element is satisfied. *See, e.g.*,
 18 *Qarbon.com*, 315 F. Supp. 2d at 1049-50; *see also Twombly*, 550 U.S. at 562 (holding that the
 19 complaint must set forth “direct or inferential allegations respecting all the material elements
 20 necessary to sustain recovery under some viable legal theory”). Volterra has not done so. After
 21 listing all of the doctrines, Volterra alleges essentially two facts: (1) that Infineon waited too long
 22 to file this action, and (2) that Infineon improperly used protected discovery from another action
 23 in bringing and prosecuting this action. These scant factual allegations do not plausibly establish
 24 all the elements of all of the asserted defenses.

25 **1. Equitable Estoppel**

26 In order to establish equitable estoppel, a defendant must show: (1) the patentee, through
 27 misleading words, conduct, or silence, led the alleged infringer to reasonably infer that the
 28 patentee did not intend to enforce its patent against the alleged infringer; (2) the alleged infringer

1 relied on that conduct; and (3) due to its reliance, the alleged infringer will be materially
 2 prejudiced if the patentee is allowed to proceed with its claim. *A.C. Aukerman Co. v. R.L.*
 3 *Chaides Const. Co.*, 960 F.2d 1020, 1028 (Fed. Cir. 1992) (en banc). Moreover, “the alleged
 4 infringer must have knowledge of the patentee and its patent and must reasonably infer that the
 5 patentee acquiesced to the allegedly infringing activity for some time.” *Winbond Elec. Corp. v.*
 6 *Int'l Trade Comm'n*, 262 F.3d 1363, 1374 (Fed. Cir. 2001). Although Volterra alleges that
 7 Infineon delayed in filing this action, it does not allege any facts plausibly suggesting that it knew
 8 of the asserted patents during that time. In fact, elsewhere in the Answer, Volterra admits only
 9 that it was aware of the four patents-in-suit as of at least January 21, 2010, which is the same day
 10 Infineon filed this action. (FAA 10, 15, 23, 28.) Furthermore, Volterra does not allege any facts
 11 addressing reliance, much less material prejudice resulting from that reliance.

12 Volterra does not even specify whether its equitable estoppel defense applies to all or
 13 merely some of the asserted patents. Because the facts regarding delay and Volterra’s knowledge
 14 will be specific to each asserted patent, Volterra must allege facts plausibly suggesting equitable
 15 estoppel for each of the four asserted patents if it intends to assert this defense against all four.

16 In addition, this defense is subject to the heightened pleading requirement of Rule 9(b).
 17 When a pleading alleges fraudulent conduct, Rule 9(b) requires that it “state with particularity the
 18 circumstances constituting fraud.” Fed. R. Civ. P. 9(b). The Rule is triggered by claims that are
 19 “grounded in fraud” or “sound in fraud.” *Vess v. Ciba-Geigy Corp. USA*, 317 F.3d 1097, 1103-04
 20 (9th Cir. 2003). Fraud can be averred “by alleging facts that necessarily constitute fraud (even if
 21 the word ‘fraud’ is not used).” *Kearns v. Ford Motor Co.*, 567 F.3d 1120, 1124 (9th Cir. 2009).
 22 Where Rule 9(b) applies, the pleading standard is extremely stringent. “Averments of fraud must
 23 be accompanied by ‘the who, what, when, where, and how’ of the misconduct charged.” *Id.*
 24 (quoting *Vess*, 317 F.3d at 1106). Indeed, the pleading must “set forth *more* than the neutral facts
 25 necessary to identify the transaction.” *Id.*

26 Volterra’s equitable estoppel defense is subject to Rule 9(b)’s particularity requirement.
 27 As discussed above, reliance on misleading conduct is a core element of equitable estoppel. *See*
 28 *Aspex Eyewear, Inc. v. Clariti Eyewear, Inc.*, 605 F.3d 1305, 1310 (Fed. Cir. 2010). For this

1 reason, district courts have concluded that equitable estoppel must be pled with particularity
 2 under Rule 9(b). *See, e.g., Barnes & Noble, Inc. v. LSI Corp.*, 849 F. Supp. 2d 925, 940-41 (N.D.
 3 Cal. 2012); *Bayer CropScience AG v. Dow AgroSciences LLC*, No. 10-CV-1045, 2011 WL
 4 6934557, at *3 (D. Del. Dec. 30, 2011). Because Volterra has not even provided facts plausibly
 5 addressing all the elements of equitable estoppel, Volterra necessarily fails to identify the
 6 allegedly misleading conduct by Infineon with the specificity demanded by Rule 9(b).

7 **2. Laches**

8 For a defense of laches, the defendant has the burden of proving that: (1) the plaintiff
 9 delayed in filing suit for an unreasonable and inexcusable length of time after the plaintiff knew
 10 or reasonably should have known of its claim against the defendant; and (2) the defendant
 11 suffered material prejudice or injury as a result of the plaintiff's delay. *A.C. Aukerman Co.*, 960
 12 F.2d at 1032. Beyond the conclusory assertion that Infineon's alleged delay operated to the
 13 "detriment of Volterra and its customers," Volterra offers no factual allegations plausibly
 14 suggesting that it suffered material prejudice or injury. Nor does it offer any allegations
 15 regarding what the nature of that prejudice might be.

16 Moreover, Volterra's blanket assertion does not specify whether its laches defense applies
 17 to all or merely some of the asserted patents. Because any alleged delay will depend on the date
 18 when Infineon's claims accrued, Volterra must allege facts plausibly suggesting laches for each
 19 of the four asserted patents if it intends to assert this defense against all four.

20 **3. Unclean Hands**

21 Under the doctrine of unclean hands, "plaintiffs seeking equitable relief must have acted
 22 fairly and without fraud or deceit as to the controversy in issue." *Adler v. Federal Republic of*
 23 *Nigeria*, 219 F.3d 869, 876-77 (9th Cir. 2000) (internal quotation marks omitted). "Bad intent is
 24 the essence of the defense of unclean hands." *Dollar Sys. v. Avcar Leasing Sys.*, 890 F.2d 165,
 25 173 (9th Cir. 1989). Accidental, inadvertent, or even grossly negligent behavior does not support
 26 the application of the doctrine, *id.*, which is reserved for "egregious misconduct." *See*
 27 *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1287 (Fed. Cir. 2011) (noting that
 28 "unclean hands cases before the Supreme Court dealt with particularly egregious misconduct")

1 and “involved deliberately planned and carefully executed schemes to defraud not only the PTO
 2 but also the courts” (internal quotation marks and alterations omitted)). The defense applies
 3 “only if the court is left with a firm conviction that the defendant acted with a fraudulent intent.”
 4 *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 842 (9th Cir. 2002). “An unclean
 5 hands defense further requires proof that the offending conduct materially prejudiced a party’s
 6 ability to defend itself.” *Hynix Semiconductor Inc. v. Rambus, Inc.*, 591 F. Supp. 2d 1038, 1067
 7 (N.D. Cal. 2006), *rev’d on other grounds*, 645 F.3d 1336 (Fed. Cir. 2011); *see also Republic*
 8 *Molding Corp. v. B. W. Photo Utilities*, 319 F.2d 347, 349-50 (9th Cir. 1963) (finding “the extent
 9 of actual harm caused by the conduct in question” to be a “highly relevant consideration” in
 10 applying the unclean hands defense); *PenneCom B.V. v. Merrill Lynch & Co.*, 372 F.3d 488, 493
 11 (2d Cir. 2004) (unclean hands defense requires proof that plaintiff “has injured the party
 12 attempting to invoke the doctrine”).

13 It appears that Volterra may be basing its unclean hands defense on its allegation that
 14 Infineon has improperly used information from the Volterra action. That accusation, however,
 15 does not satisfy all the elements of an unclean hands defense. Volterra alleges no facts addressing
 16 whether Infineon acted with the necessary fraudulent intent—as opposed to inadvertence or even
 17 gross negligence—in its alleged improper use of the information. Nor is it clear from the facts
 18 alleged that the “use” Volterra pleads rises to the level of egregious conduct, as opposed to a mere
 19 technical violation of the protective order. *See In re Dual-Deck Video Cassette Recorder*
 20 *Antitrust Litig.*, 10 F.3d 693, 695-96 (9th Cir. 1993) (finding “harmless technical violations”
 21 where plaintiff “‘used’ information in violation of the protective order that it would not have
 22 discovered so easily but for the protective order, just by filing another lawsuit and litigating” but
 23 was not accused of “revealing any secrets”). Furthermore, Volterra does not allege any prejudice
 24 to its ability to defend this action flowing from Infineon’s alleged use.

25 Moreover, Volterra accusation lacks sufficient factual detail to nudge the defense “across
 26 the line from conceivable to plausible.” *Iqbal*, 556 U.S. at 680. Volterra offers no specifics of
 27 what information was allegedly used or in what specific way. The “well-pleaded facts do not
 28 permit the court to infer more than the mere possibility of misconduct,” which is insufficient.

1 Such threadbare allegations cannot be used to unlock the doors to discovery. That is especially
 2 true with an accusation such as this one, which raises the specter of harassing discovery into
 3 counsel's pre-filing investigation and conduct of the litigation, as well as invasion of the attorney-
 4 client and work product privileges. Absent some articulated basis to make Volterra's unclean
 5 hands defense plausible, Infineon should not be subjected to such burdensome discovery. *See id.*
 6 at 685 ("It is no answer to say that a claim just shy of a plausible entitlement to relief can, if
 7 groundless, be weeded out early in the discovery process.").

8 Although Volterra's vague allegations are by no means clear, it appears that Volterra may
 9 be accusing Infineon of fraudulent conduct. As such, Volterra was required to plead its defense
 10 in conformity with Rule 9(b). *See Powertech*, 2012 WL 1746848, at *5 (finding that unclean
 11 hands defense "involving fraud or mistake" must satisfy Rule 9(b)); *see also Mittelstaedt v.*
 12 *Gamla-Cedron Orleans LLC*, No. 12-CV-5131, 2012 WL 6188548, at *4 (N.D. Ill. Dec. 21,
 13 2012) ("If an unclean hands defense is predicated on allegations of fraud, the affirmative defense
 14 must be alleged with the particularity required by Federal Rule of Civil Procedure 9(b)."). Rule
 15 9(b) requires a specific identification of "the who, what, when, where, and how of the misconduct
 16 charged." *Kearns*, 567 F.3d 1120, 1124 (9th Cir. 2009) (internal quotation marks omitted). As
 17 discussed above, Volterra's threadbare allegations lack sufficient factual detail to satisfy even the
 18 plausibility standard of *Iqbal* and *Twombly*, much less the more stringent pleading standard of
 19 Rule 9(b).

20 **4. Waiver**

21 "Waiver is the intentional relinquishment of a known right with knowledge of its
 22 existence and the intent to relinquish it." *United States v. King Features Entm't, Inc.*, 843 F.2d
 23 394, 399 (9th Cir. 1988). Volterra alleges that Infineon delayed in filing this action, but does not
 24 allege any facts plausibly suggesting that Infineon relinquished its rights to do so, much less did
 25 so with the necessary intent.

26 Here again, Volterra's blanket assertion does not specify whether its waiver defense
 27 applies to all or merely some of the asserted patents. Waiver as to one asserted patent would not
 28 necessarily imply waiver as to any other asserted patent. Furthermore, any alleged delay will

1 depend on the date when Infineon's claims accrued. Thus, Volterra must allege facts plausibly
 2 suggesting waiver for each of the four asserted patents if it intends to assert this defense against
 3 all four.

4 In short, by lumping all four of these disparate defenses into one catch-all defense,
 5 Volterra has failed to allege facts that plausibly satisfy each element of each defense it is
 6 asserting, as is required to provide fair notice. *See Twombly*, 550 U.S. at 562 (holding that the
 7 complaint must set forth "direct or inferential allegations respecting all the material elements
 8 necessary to sustain recovery under some viable legal theory"). Likewise, by lumping together
 9 all of the asserted patents for purposes of its defenses, Volterra has failed to provide fair notice of
 10 which defenses apply to which patents, as well as what facts support those assertions.
 11 Accordingly, Volterra's Fifth Affirmative Defense should be stricken. When given the
 12 opportunity to amend each of these defenses to assert sufficient facts, Volterra instead rolled them
 13 into one defense to avoid addressing the elements and to mask the insufficiency of the facts
 14 alleged. As such, these defenses should be stricken without leave to amend. *See Diamond State*
 15 *Ins. Co.*, 2012 WL 6680259, at *18 ("Because the Court has previously granted Marin leave to
 16 amend to remedy the deficiencies in its counterclaims and affirmative defenses and it has been
 17 unable to do so, the Court dismisses the counterclaims and strikes the estoppel and unclean hands
 18 affirmative defenses without granting Marin leave to amend.").

19 **IV. Volterra Added No Real Factual Content to Its Fourth Affirmative Defense That
 20 Would Provide Fair Notice.**

21 In its original Answer, Volterra asserted that the defense of prosecution history estoppel
 22 applies to "one or more" of the four asserted patents, without identifying anything in the
 23 prosecution history of any of the four patents. (Answer 35.) This Court struck that affirmative
 24 defense for failing to provide fair notice of the basis of the defense. Dkt. No. 198 at 3. Volterra's
 25 Amended Answer fares no better. The defense now reads: "***In light of statements made during***
 26 ***the prosecution of the patents-in-suit or related applications***, prosecution history estoppel on
 27 one or more of [the four asserted patents] bars Plaintiff's proposed claim constructions and/or
 28 bars Plaintiff from proving infringement on the asserted claims under the doctrine of

1 equivalents.” (FAA 36 (emphasis added).) The added language merely states the obvious—that
 2 Volterra’s prosecution history estoppel defense is based on statements made in the prosecution
 3 history. The same could be said about any prosecution history estoppel defense in any lawsuit.
 4 Volterra’s amendment is mere boilerplate, which still fails to provide fair notice of the basis of its
 5 defense. In fact, Volterra still does not identify even one relevant statement in the prosecution
 6 history of even one of the four asserted patents. Moreover, Volterra intentionally obscures which
 7 of the four patents its defense applies to, much less provide facts plausibly suggesting that the
 8 defense applies to each of the four separate patents. Volterra’s Fourth Affirmative Defense
 9 should be stricken. Given the token nature of Volterra’s amendment, the Court should not grant
 10 leave to amend a second time. *See Ansari*, 2013 WL 664676, at *5.

11 CONCLUSION

12 Volterra did not take its opportunity to amend seriously. Rather than add facts suggesting
 13 invalidity, it merely added a description of the relevant statutory subsections. Volterra likewise
 14 added no real factual allegations to its indirect infringement claims and defenses and its
 15 prosecution history estoppel defense. And its “catch-all” affirmative defense is plainly an attempt
 16 to avoid spelling out the elements of its various equitable defenses. These tactics deprive
 17 Infineon of the fair notice of the bases for Volterra’s counterclaims and affirmative defenses to
 18 which it is entitled under the Federal Rules. For the foregoing reasons, Infineon asks that the
 19 Court dismiss Volterra’s counterclaims and strike Volterra’s affirmative defenses as set forth
 20 above without leave to amend.

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1 Respectfully submitted,

2 March 15, 2013

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